

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ADP-00 EB-11 COME-00 INT-08 TRSE-00

SCEM-02 L-03 H-03 PM-07 NSC-10 SS-15 RSC-01 CIAE-00

INR-10 NSAE-00 PRS-01 CIEP-02 OMB-01 RSR-01 (ADP) W

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R 011024Z AUG 73

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 473

INFO AMEMBASSY LONDON

C O N F I D E N T I A L LAGOS 6193

E.O. 11652: GDS

TAGS: ENRG, NI

SUBJECT: NIGERIAN OIL: PARTICIPATION TALKS WITH MOBIL AND GULF
CONTINUE

1. GULF AND MOBIL PARTICIPATION TALKS WITH FMG CONTINUING
BUT AGREEMENT NOT RPT NOT YET IN SIGHT. FMG SEEKING
STIFFER TERMS THAN THOSE AGREED WITH SHELL/BP AND COM-
PANIES RESISTING.

2. GULF AND MOBIL MANAGERS RELUCTANT TO DISCLOSE DE-
TAILS OF NEGOTIATING SITUATION. HOWEVER, THEY HAVE
INDICATED TO US THAT FMG TRYING TO EXACT TERMS THAT
DIFFER SIGNIFICANTLY FROM THOSE IN PARTICIPATION AGREE-
MENT INITIALLED WITH SHELL/BP TWO MONTHS AGO. WE UN-
DERSTAND MAIN DIFFERENCES ARE THAT FMG PROPOSING HIGHER
LEVEL INITIAL PARTICIPATION (PROBABLY 40 PERCENT) AND
ALSO PROPOSING TO MAKE AVAILABLE TO COMPANIES UNDER
BUY-BACK ARRANGEMENTS SIGNIFICANTLY LOWER PERCENTAGE
OF PARTICIPATION CRUDE. APPARENTLY AFTER TRANSITIONAL
PERIOD OF THREE YEARS FMG WANTS TO RETAIN BULK OF PAR-
TICIPATION CRUDE FOR ITSELF.

3. FMG REPORTEDLY ARGUING THAT CIRCUMSTANCES HAVE
CHANGED SINCE SHELL/BP AGREEMENT INITIALLED (AND IM-
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PLICATION SEEMS TO BE THAT IF DIFFERENT TERMS EXACTED

FROM GULF AND MOBIL THERE COULD BE GROUNDS FOR RENEGOTIATION WITH SHELL/BP). GULF AND MOBIL APPARENTLY ARGUING THAT IN EQUITY AND IN CONSIDERATION SUBSTANTIAL PAST AND PLANNED INVESTMENTS THEIR TERMS SHOULD PARALLEL SHELL/BP'S.

4. GULF AND MOBIL CURRENTLY HOPEFUL THEIR ARGUMENTS WILL PREVAIL BUT ALTHOUGH NEGOTIATIONS PROCEEDING CORRECTLY AND CORRECTLY FMG CONTINUING TO INSIST ON ITS PROPOSALS.

5. COMMENT: REVELATION OF EVEN THESE PARTIAL DISCLOSURES COULD EMBARRASS GULF AND MOBIL MANAGERS WITH THEIR LONDON AND U.S. OFFICES. PLEASE PROTECT.
REINHARDT

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 01 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LAGOS06193
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS REINHARDT
Errors: N/A
Film Number: n/a
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730865/aaaabvul.tel
Line Count: 76
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 10 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10-Jan-2002 by martinjw>; APPROVED <31-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NIGERIAN OIL: PARTICIPATION TALKS WITH MOBIL AND GULF CONTINUE
TAGS: ENRG, NI
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005